

# Annual Report 1985

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# Company Profile

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Central Trust Company is a federally incorporated trust company which has been serving Canadians for almost 100 years.

With assets approaching three billion dollars and 57 branches from St. John's to Victoria, Central Trust is one of Canada's major trust companies. The Company's Head Office is located in Halifax with regional offices maintained in Toronto, Calgary and Moncton.

Central Trust, as it exists today, is the result of a series of amalgamations involving Eastern Canada Savings and Loan Company, Nova Scotia Trust Company, Central Trust Company of Canada and Federal Trust Company. In 1983 the Company assumed management of the estate, trust and agency business of Crown Trust Company.

Central Trust provides clients with a full range of financial services including savings and chequing accounts, term deposits, retirement savings plans, mortgages, personal and commercial lending, investment management and personal trust services. Corporate financial services include stock transfer, corporate trust services and pension fund administration. A real estate brokerage service is provided in the Atlantic Provinces while debentures are offered through Central's wholly-owned subsidiary, Central and Eastern Mortgage Corporation.

Central Trust's common and preferred stock is listed on the Toronto and Montreal stock exchanges. The Company has 3,459 common shareholders, 99.5 per cent of whom are residents of Canada.



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## Cover

Overlooking Halifax harbour and the city's commercial core, the twenty-one storey Central Trust Tower houses the Company's Head Office and a full service branch. The Tower was officially opened on June 19, 1985 and has become a focal part of the Halifax waterfront.

## Facing page

The Company's Head Office branch, located in the Central Trust Tower, offers clients a full range of deposit, lending and trust services.

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**II Central Trust**

**II Central Trust**



# Financial Highlights of 1985 Our 98th Year

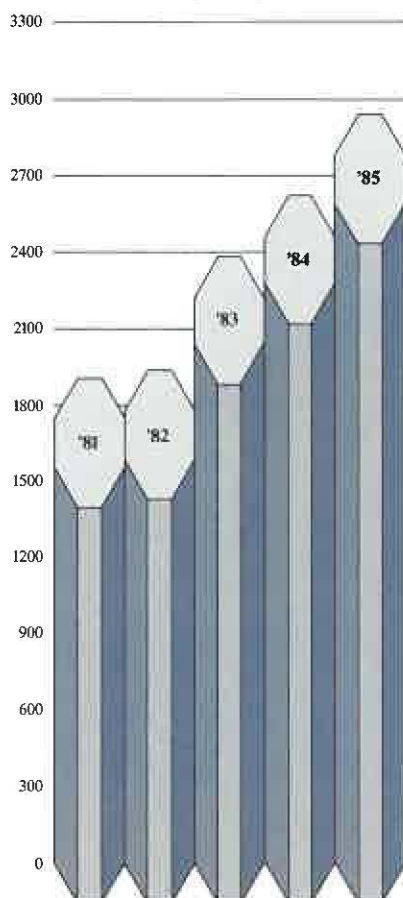
(Dollars in thousands except percentages and common share amounts)

For the Year	1985	1984	1983	1985/84 Percentage Change	1984/83 Percentage Change
Total Income	\$ 344,154	\$ 319,232	\$ 284,395	8	12
Total Expenses	322,158	297,445	265,341	8	12
Net Income Before Extraordinary Items	10,803	10,005	9,600	8	4
Net Income	11,973	4,107	3,743	192	10
Net Income per Common Share	1.10	.13	.18	746	(28)
Return on Common Shareholders' Equity	14.15%	1.64%	2.20%		
Return on Assets	.43%	.16%	.17%		

## At Year End

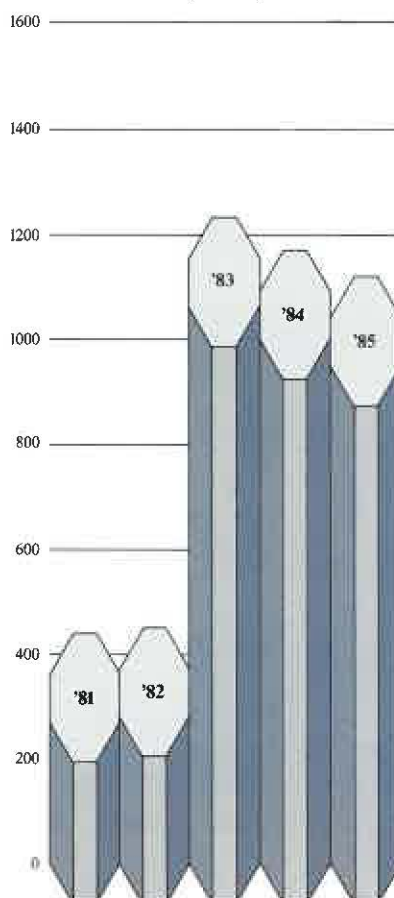
Corporate Assets	\$2,945,258	\$2,627,299	\$2,388,303	12	10
Estate, Trust & Agency Assets	1,118,862	1,170,361	1,233,658	( 4)	( 5)
Marketable Securities	558,136	363,095	229,946	54	58
Mortgages and Other Loans	2,344,723	2,209,956	2,104,603	6	5
Deposits	2,819,607	2,506,843	2,266,974	13	11
Shareholders' Equity	102,767	98,397	104,475	4	( 6)
Book Value per Common Share	8.03	7.67	8.34	5	( 8)
Market Price per Common Share	14.38	10.50	11.50	37	( 9)

**Corporate Assets**  
(\$ Millions)



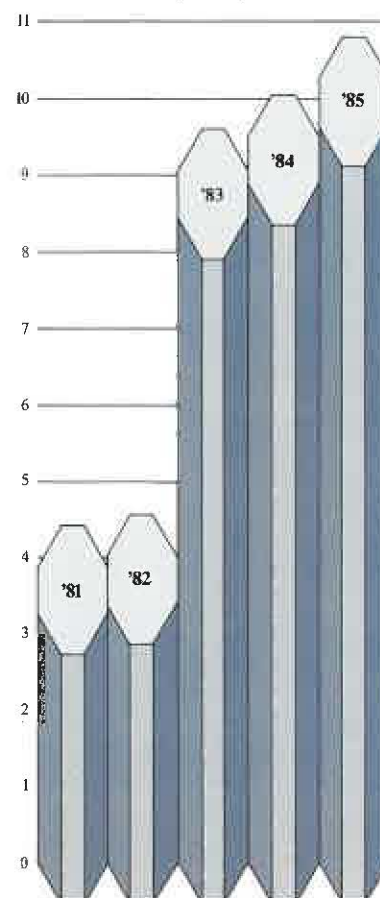
Company and guaranteed account assets increased by \$318 million or 12% and amounted to \$2.95 billion at year end.

**Estates, Trusts and Agency Assets**  
(\$ Millions)



These assets are held or managed by us on behalf of estate, trust, endowment, pension and agency clients and amounted to \$1.12 billion at year end.

**Net Income Before Extraordinary Items**  
(\$ Millions)



Net income before extraordinary items increased by \$798,000 or 8% over 1984 and amounted to \$10.8 million for the year.



# Report of the Board of Directors

Nineteen eighty-five was a very successful year for Central Trust. Briefly, some of the highlights were:

- Net income reached a record high of \$11,973,000, or \$1.10 per share compared to \$4,107,000, or 13¢ per share in 1984.
- Net income before extraordinary items was \$10,803,000 equivalent to 96¢ per share as against \$10,005,000 or 87¢ per share the previous year.
- Assets at year end were \$2.95 billion, an increase of \$318 million or 12% during 1985.
- Return on common shareholders' equity for the year was 14% and return on average assets was 43¢ for each \$100 of assets.

## **Loan Losses and Non-Performing Assets**

A provision for mortgage and loan losses of \$6,527,000 was charged to operations during the year, down from \$7,650,000 in 1984. With the reduction in our non-performing assets to \$15.7 million net of reserves from \$27.9 million at the end of 1984 and with the improving real estate market in Alberta, it is anticipated that the loan loss provision will be significantly lower in 1986.

## **MICC Investments Ltd.**

In 1983 and 1984 large write-downs were made with respect to the Company's investment in MICC Investments Ltd. During the year MICC's operations improved substantially and net income for the year ended December 31, 1985 was \$19,329,000. In addition, since year end, MICC has announced that shareholders have approved a \$61 million convertible preferred stock issue which will bring its capital into line with statutory requirements. Central's investment in MICC has a book value of \$7.2 million and at year end the quoted market value was \$12.8 million, a gain of \$5.6 million.

## **Central Trust Tower**

In June 1985 the Company's Head Office was relocated to the new 21 storey Central Trust Tower which is depicted on the cover and elsewhere in this report. The Central Trust Tower has a dominant presence in the financial area of Halifax and stands as a symbol of Central's increasing importance as a national financial institution.

## **Shareholders' Equity**

At year end shareholders' equity was \$102.8

million, an increase of \$4.4 million during the year. The increase is accounted for by an increase in retained earnings of \$2.5 million and proceeds from common shares issued under the dividend reinvestment and stock purchase plan and senior officers' stock option plan of \$3.2 million, less the retirement of preference shares amounting to \$1.3 million.

## **Dividend Reinvestment and Stock Purchase Plan**

The Dividend Reinvestment and Stock Purchase Plan has been amended to, (a) permit dividends on 1983 class preference shares to be reinvested in common shares under the Plan, and (b) increase the amount of additional common shares which may be purchased at market price from \$3,000 to \$5,000 per quarter.



Struan Robertson, President and Chief Executive Officer

## **Central Trust Centennial Year**

In 1987 the Company will be celebrating its 100th anniversary. Plans are currently underway to develop high profile programs to mark this important milestone in the Company's history.

### **Corporate Structure**

Your directors have approved a plan, subject to regulatory approval, to change the corporate structure of the Company through the creation of a holding company. It is proposed that the holding company would become the parent company of Central Trust. This would be accomplished by offering shares of the new company in exchange for common shares of Central Trust. It is anticipated that the offering would be made during the second quarter of the year. The purpose of the proposed reorganization is to create a holding company which will have broader powers than a trust company. The structure will permit diversification into other financial service activities and offer greater flexibility in raising capital.

### **Directors**

We record with sorrow the untimely death of Henry B. Rhude on March 25, 1985. Mr. Rhude was first elected to the Board of a predecessor company in 1965, and served as Chairman and Chief Executive Officer of Central Trust from 1979 to 1985. He provided strong and aggressive leadership for many years and is greatly missed.

Due to the age provisions in the Company's bylaws, George Bingham will not be reoffering for election to the Board of Directors at the Annual Meeting of Shareholders. Mr. Bingham was elected to the Board of Central Trust Company of Canada, a predecessor company, in 1953 and has served with distinction.

### **Organization**

The following reorganization of senior executive responsibilities was made in February 1986. R.J. MacBurnie was promoted to Executive Vice-President, Finance and Planning; C.J. Cann appointed Senior Vice-President, Lending and Deposits; and D. W. Saunders, Senior Vice-President, Corporate Services. K.R. Eddy continues to hold the position of Senior Vice-President, Branch Operations and H.T. Martin as Senior Vice-President, Trust Services.

These changes were made to create a management structure which will place greater emphasis on marketing and product development.

### **Employees**

The strength of Central Trust is the employees who provide expertise in a wide variety of specialized functions. On your behalf, we express our gratitude to these highly motivated and skilled men and women who made 1985 a record year for Central Trust.

### **Outlook for 1986**

Along with the trend towards deregulation, the traditional boundaries in the financial services industry will continue to erode. Competition will therefore become more intense as trust companies and other financial institutions compete for market share. Central Trust has established branches in most areas of Canada, and we feel confident that from this strong base and our financial strength we are in an excellent position to meet the challenges of 1986 and beyond.



Struan Robertson  
President and Chief Executive Officer  
February 4, 1986



# Review of Operations

The Company's key objectives for 1985 were to:

- achieve a return on equity of 15%
- increase return on assets to 50¢ per \$100 of average assets
- increase assets by \$310 million (12%)
- increase the average spread between deposits and investments to 2.10% by year end
- increase assets at a faster rate than expenses
- increase fee income from personal and corporate trust services by 10%.

In a highly competitive year which saw the demise of two Canadian chartered banks, the Company did well to meet a number of these objectives and made good progress on the others. Return on equity was 14%, return on assets amounted to 43¢ per \$100, assets increased by \$318 million to a level of \$2.95 billion and net interest spread in the last quarter was 2.11%. Assets increased by 12% and expenses by 8%, while trust services fee income was up 5.5% to \$9.8 million.

Nineteen eighty-five was a year for promotional campaigns and the expansion of computer facilities. Special promotions were offered for retirement savings plans, demand deposits, residential mortgages, car loans and term deposits. Emphasis was also placed on expanding the Company's personal and corporate trust services. Ten branches were added to the computerized banking and branch services systems during the year, and at the end of 1985 only 20 branches remain to be computerized. We are planning to complete the extension of these systems to all branches by the end of 1987. New computer systems for stock transfer services and personal and commercial loans portfolios were also introduced during the year.

The Company is controlling costs and improving profitability by expanding the customer base, and as a result the total assets and deposits of the existing branches increased. Currently, the branch network consists of 57 offices; 30 in the

Atlantic Provinces, 2 in Quebec, 15 in Ontario and 10 in Western Canada.

In keeping with the policy of improving existing branches, major renovations were undertaken at the Winnipeg branch while the Company's Head Office and the Head Office branch moved to the new Central Trust Tower in Halifax. This new location offers clients a superb downtown facility and is designed to promote the Company's focus on personalized customer service.

The Company's investments in common and preferred shares remained unchanged from the level of the previous year end. Gains on sales of bonds and stocks amounted to \$1,141,000 compared to \$585,000 in 1984.

## Deposit Services

Demand, short term and other interest sensitive deposits increased by \$85 million, an 11% rate of growth, compared to \$34 million recorded in 1984. Interest sensitive deposits now



An extensive on-line communications system from Vancouver, British Columbia to St. John's, Newfoundland offers management precise and timely information while providing immediate answers to client inquiries.

## Corporate Investments

The Company's short term investments increased by \$110 million and at year end amounted to \$328 million or 11% of assets. In addition, the bond portfolio which is largely comprised of short term Canada bonds, increased by \$84 million to \$154 million or 5% of assets at year end. Both of these portfolios provide excellent liquidity and a reasonable yield.

represent 30% of total deposits — the same percentage as at the end of 1984.

A successful promotional campaign for demand deposits was conducted in the spring. Depositors were given a chance to win a Mercedes-Benz 190E by making a deposit of \$200. The program was an outstanding success resulting in an increase in deposits of \$45.6 million during the campaign.



The *Central Choice* daily interest account was introduced in December 1984. This combination savings/chequing account pays interest on daily balances and is divided into three tiers offering higher rates for larger balances. *Central Choice* has become the fastest growing account offered by the Company.

Canada Deposit Insurance Corporation and are in addition to insured deposits with Central Trust.

Guaranteed Investment Certificates and Debentures increased by \$122 million or 9.5% to \$1.4 billion at December 31, 1985.

Guaranteed account retirement savings plans continued to show

mortgage portfolio grew by \$121 million to \$1.8 billion, a 7% increase. A total of \$613 million of new business was underwritten compared with \$405 million in 1984 and mortgage advances totalled \$442 million.

The real estate markets strengthened across Canada and demand for mortgages increased as a result. Business was drawn from all regions including Western Canada where steady improvement in the market has been seen. A breakdown of our mortgage and loan portfolios by region is shown below.

To attract new single family residential mortgage business in a highly competitive environment, the Company made substantial improvements to its mortgage package making the product one of the most attractive on the market.

A cash bonus promotion for residential mortgages was offered during July, August and September. The program was very successful, producing \$37.3 million of quality residential mortgages.

The Company maintains a conservative mortgage policy with the residential component representing 81% of the portfolio. A number of construction loans were made in 1985, mainly in Ontario. These loans were provided to borrowers with strong covenants and are secured by well located properties in major urban centres.

The quality of the mortgage portfolio has continued to improve and mortgages three months or more in arrears were 0.47% at the end of 1985 compared to 2% at December 31, 1984.



Personal service is one of Central's greatest assets. In branch offices, the Company offers a broad range of financial services including deposits, loans and personal and corporate trust services.

The *VIP* account package was modified to reduce the qualifying age from 60 to 55 years to recognize the contribution and importance of a greater number of our senior clients. This plan offers bonus interest rates, free chequing, personalized cheques and assistance with financial and estate planning among its benefits.

The *Investors Daily Interest Account*, designed for clients who carry large cash balances, was also enhanced during the year. This account now offers three tiers and pays a bonus rate on daily balances of \$25,000 or more and an additional bonus on balances over \$100,000. In addition, the maximum balance has been increased from \$250,000 to \$500,000.

In 1985 Central and Eastern Mortgage Corporation, a subsidiary company, commenced offering variable rate and fixed term RSPs. These deposits are covered by

excellent growth of \$116 million or 25% to \$585 million.

Short term certificates (issued for a term of under 1 year) were very popular and to encourage larger balances, premium rates were introduced for deposits of \$50,000 and over.

#### Mortgage Portfolio

Mortgages continue to be the Company's major investment representing 61% of assets. The

#### Geographic Breakdown-Mortgages and Other Loans

(Dollars in Thousands)	1985		1984	
		(%)		(%)
Nova Scotia/Newfoundland	\$ 680,463	29	\$ 626,583	28
New Brunswick/PEI/Quebec	460,574	20	414,247	19
Ontario	885,472	38	857,491	39
Western Canada	318,214	13	311,635	14
	<u>\$2,344,723</u>	<u>100</u>	<u>\$2,209,956</u>	<u>100</u>



### Non-Performing Investments

	1985	1984
(Dollars in Thousands)		
Conventional Mortgages	\$ 7,487	\$ 5,256
Other Loans	1,428	—
Real Estate Acquired by Foreclosure	12,764	30,678
	21,679	35,934
Allowance for Losses	5,952	8,012
Estimated Realizable Value	<u>\$15,727</u>	<u>\$27,922</u>

### Non-Performing Investments

The Company's policy is to transfer loans to the non-performing category when the book value of principal, interest and associated costs equals or exceeds the current appraised value of the underlying security. No further interest or other costs are accrued on these assets.

The last year has been very positive in reducing the level of non-producing assets. The steadily improving Alberta real estate market, together with stronger real estate markets generally, created the opportunity to liquidate much of the Company's real estate holdings. Gross sales of \$52.5 million in 1985 have resulted in a net reduction of non-performing assets of \$12.2 million to \$15.7 million as at December 31, 1985. Further progress in reducing this portfolio is projected in 1986.

### Consumer and Commercial Loans

Consumer loan demand was very strong in 1985 and the portfolio grew by \$43.6 million or 44% to \$141.7 million.

The commercial loans portfolio also expanded by \$18.8 million or 17% to \$130.2 million at December 31, 1985.

Loan delinquency three months or more of 0.08% for consumer loans and 0% for commercial loans indicate the high standards of underwriting adopted by the Company.

A new on-line computer system was introduced during the year which will fully automate record keeping and reporting for the commercial and consumer loans portfolios and allow

for faster growth of these products in the future.

### Personal Trust Services

Gross fee income was \$7.2 million compared to \$6.9 million in 1984. Trust assets under administration amounted to \$1.12 billion, a decrease of \$51 million. During the year, greater emphasis was placed on marketing personal trust services through the use of public information seminars and audio visual presentations. In 1986 the personal trust computer system will be reviewed and a new system designed to meet the needs of clients.

### Corporate Trust Services

Significant progress was made in converting records to a new "state of the art" stock transfer system. This new system will improve the quality and variety of services offered and provide a highly computerized system in a very competitive market. Gross fee income was \$2.7 million, a 9% increase over 1984. An objective for 1986 is for a 20% growth in fee income. The Company's expertise in corporate financing has resulted in recent appointments as trustee of several large debt issues.

Corporate trust customers represent virtually all segments of the economy — financial services, merchandising, mining, oil, pipeline, real estate and utilities. Customers require personal service both for their day-to-day management requirements and the requirements of their security holders. The Company is committed to providing quality service at a competitive price.

### Real Estate Sales

The Company operates a real estate sales division in Atlantic Canada and as a result of favourable market



Ruth Bartlett, Conversion Assistant; Wendell Crowell, Project Manager; and Alan MacKenzie, Manager, Lending Services, were responsible for converting the consumer loan portfolio to a computerized installment loans system. The new system, which streamlined operations and improved record keeping procedures, processes approximately 30,000 transactions a month.

conditions, sales volumes climbed to record levels resulting in sales of \$134 million, 26% higher than in 1984. Gross commissions amounted to \$5.6 million resulting in net operating income of \$518,000 up \$98,000 from 1984. Sales representatives at year end totalled 180, an increase from 160 at the end of 1984.

During 1985 inflation remained under control and lower interest rates, coupled with a high level of consumer confidence, led to strong demand in both the existing and new housing construction segments of the housing market. New housing starts in most areas increased with the market generally absorbing the new units at acceptable rates.

### Personnel

Employee training, improvements to the benefits program and the introduction of an employee share purchase plan highlighted the activities of the personnel area.

A series of customer service seminars was offered for demand and term deposit personnel. The purpose of the series was to improve the ability of staff to evaluate and meet customer needs. The program, developed internally, covered areas such as interviewing techniques, contact skills and needs satisfaction. A renewed emphasis on the Trust Companies Institute education program resulted in an increased enrollment of 22% by Central Trust employees. A number of employees also achieved designations offered by the Institute.

Further enhancements were made to the benefit program offered to employees. Group medical and dental coverages were improved with the addition of basic orthodontic benefits for staff, pensioners and their dependents. The pension plan was altered to permit voluntary vesting after five years membership and to add a "portability in" feature.

One of the most significant events was the introduction of an employee share purchase plan. This program permits employees to allocate a percentage of their earnings for the purchase of Company shares by way



Reviewing quality and production at Central's data control centre: A. King, Assistant Vice-President, Stock Transfer Services; G. W. Fern, Vice-President, Corporate Trust Services; Anthony Filippelli, Assistant Manager, Stock Transfer Services.

of payroll deductions. The Company will contribute to this program based on a formula tied to corporate financial performance.

### Key Corporate Objectives for 1986

Set forth below are several of our key objectives for 1986, our 99th year:

- **Deposit Growth.** Increase demand deposits by \$140 million and total deposits by \$380 million.
- **Asset Growth.** Increase floating rate commercial mortgages and other loans by \$110 million and fixed rate mortgages by \$240 million.
- **Interest Rate Spread.** Achieve a minimum tax equivalent interest rate spread between deposits and investments of 2%.
- **Fee Income.** Increase fee income from personal trust, corporate trust, and guaranteed fund to \$18 million.
- **Productivity.** Increase assets at a higher rate than expenses and achieve a ratio of operating expenses to average corporate assets of 1.70% in 1986 as against 1.74% in 1985 (excluding real estate sales division expenses).
- **Customer Service.** Improve customer service by, a) adding ten branches to our on-line network, b) developing four new products, c) offering ATM services by year end.
- **Return on Equity.** Achieve an after-tax return on common shareholders' equity of at least 14%.
- **Return on Assets.** Achieve an after-tax return of at least 40¢ per \$100 of average corporate assets.



# Consolidated Statement of Income

For the Year Ended December 31, 1985 (Dollars in Thousands)	1985	1984	1983
<b>Income</b>			
Interest from mortgages and loans	\$ 269,945	\$ 266,746	\$ 235,248
Interest and dividends from investments	47,678	26,898	21,119
	317,623	293,644	256,367
Interest on deposits and certificates	265,458	245,291	217,459
Net interest income	52,165	48,353	38,908
Fees and commissions	14,742	15,026	18,769
Other income	6,166	6,144	4,857
	73,073	69,523	62,534
Real estate sales commissions	5,623	4,418	4,402
Commissions paid to sales agents	3,092	2,347	2,336
	2,531	2,071	2,066
	75,604	71,594	64,600
<b>Operating Expenses</b>			
Salaries and staff benefits	25,637	24,290	23,355
Premises and equipment	13,730	13,183	10,008
Communications and stationery	3,881	3,456	3,472
Marketing	2,117	1,678	1,403
Other	8,243	7,200	7,308
	53,608	49,807	45,546
<b>Operating Income</b>	21,996	21,787	19,054
Provision for mortgage and loan losses	6,527	7,650	8,192
Net gains on sale of investments	1,283	728	1,776
	5,244	6,922	6,416
Income before income taxes and extraordinary items	16,752	14,865	12,638
Income taxes (Note 8)	5,949	4,860	3,038
<b>Net Income Before Extraordinary Items</b>	10,803	10,005	9,600
Insurance proceeds and other non-recurring income (Note 9)	1,170	—	—
Reduction in carrying value of investment in MICC Investments Limited	—	5,898	5,857
<b>Net Income</b>	\$ 11,973	\$ 4,107	\$ 3,743
<b>Earnings per common share after provision for dividends on preference shares</b>			
Net income before extraordinary items	\$ .96	\$ .87	\$ 1.01
Net income	1.10	.13	.18
Common shares outstanding (weighted average)	8,210,085	7,936,233	7,076,543

## Consolidated Balance Sheet

**December 31, 1985** (Dollars in Thousands)

**Assets**

Cash and short term investments

1985	1984	1983
\$ 328,303	\$ 218,049	\$ 97,599

Securities (Note 2)

Bonds

Stocks

153,576	69,815	42,441
76,257	75,231	89,906
229,833	145,046	132,347

Mortgages

Loans and advances

Office premises and equipment (Note 3)

Other assets (Note 4)

1,809,612	1,688,687	1,605,606
535,111	521,269	498,997
13,142	12,243	11,580
29,257	42,005	42,174
<u>\$2,945,258</u>	<u>\$2,627,299</u>	<u>\$2,388,303</u>

## Consolidated Statement of Retained Earnings

**For the Year Ended December 31, 1985** (Dollars in Thousands)

Balance at beginning of year

Net income for the year

1985	1984	1983
\$ 9,675	\$ 14,988	\$ 19,374
11,973	4,107	3,743
21,648	19,095	23,117
2,927	3,068	2,465
6,582	6,352	5,664
<u>\$ 12,139</u>	<u>\$ 9,675</u>	<u>\$ 14,988</u>

Dividends to preference shareholders

Dividends to common shareholders

Balance at end of year



## Consolidated Balance Sheet

December 31, 1985 (Dollars in Thousands)	1985	1984	1983
<b>Liabilities</b>			
Deposits (Note 5)			
Savings and other demand	\$ 731,902	\$ 643,271	\$ 558,595
Short term	112,198	116,310	166,771
Term	1,975,507	1,747,262	1,541,608
	<u>2,819,607</u>	<u>2,506,843</u>	<u>2,266,974</u>
Notes, mortgages and capital leases (Note 6)	8,705	8,323	8,957
Shareholders' subordinated note	—	5,000	—
Other liabilities	11,551	8,736	7,897
Deferred income taxes	2,628	—	—
	<u>22,884</u>	<u>22,059</u>	<u>16,854</u>
	<u>2,842,491</u>	<u>2,528,902</u>	<u>2,283,828</u>
Shareholders' equity			
Capital stock (Note 7)	69,243	69,157	70,211
Contributed surplus	21,385	19,565	19,276
Retained earnings	12,139	9,675	14,988
	<u>102,767</u>	<u>98,397</u>	<u>104,475</u>
	<u>\$2,945,258</u>	<u>\$2,627,299</u>	<u>\$2,388,303</u>

## Consolidated Statement of Contributed Surplus

For the Year Ended December 31, 1985 (Dollars in Thousands)	1985	1984	1983
Balance at beginning of year	\$ 19,565	\$ 19,276	\$ 6,466
Excess of net proceeds from issue of common shares over par value	1,820	289	12,810
Balance at end of year	<u>\$ 21,385</u>	<u>\$ 19,565</u>	<u>\$ 19,276</u>

We hereby certify that to the best of our knowledge and belief the Consolidated Balance Sheet and Consolidated Statements of Income, Retained Earnings, Contributed Surplus and Changes in Financial Position of Central Trust Company are correct and show truly and clearly the financial condition of the Company's affairs.

H. Reuben Cohen  
Director

Struan Robertson  
Director

Royden J. MacBurnie  
Director

# Consolidated Statement of Changes in Financial Position

For the Year Ended December 31, 1985 (Dollars in Thousands)	1985	1984	1983
<b>Funds Provided From</b>			
Operations			
Net income	\$ 11,973	\$ 4,107	\$ 3,743
Depreciation, deferred income taxes and other non-cash items charged/credited to net income	2,005	12,814	13,365
	<u>13,978</u>	<u>16,921</u>	<u>17,108</u>
Increase in deposits			
Demand	88,631	84,676	126,814
Short term	( 4,112)	( 50,461)	125,986
Term	228,245	205,654	180,513
	<u>312,764</u>	<u>239,869</u>	<u>433,313</u>
Proceeds from shareholders' subordinated note	—	5,000	—
Proceeds from capital stock issued			
Preference shares	—	—	15,000
Common shares	3,231	560	20,384
	<u>329,973</u>	<u>262,350</u>	<u>485,805</u>
Less:			
Additions to premises and equipment, net	2,536	2,085	1,112
Repayment of shareholders' subordinated note	5,000	—	7,000
Redemption of preference shares	1,325	1,325	1,325
Dividends paid — preference shares	2,927	3,068	2,465
— common shares	6,582	6,352	5,664
Net increase (decrease) in other assets over notes, mortgages, capital leases and other liabilities	( 2,439)	2,076	2,962
	<u>15,931</u>	<u>14,906</u>	<u>20,528</u>
Net Funds Provided for Investment	<u>\$314,042</u>	<u>\$247,444</u>	<u>\$465,277</u>
<b>Net Funds Invested</b>			
Cash and short term	\$110,254	\$120,450	(\$ 31,820)
Bonds	83,761	27,374	( 6,927)
Stocks	1,026	( 5,820)	( 13,379)
Mortgages	119,802	83,861	194,214
Loans and advances	13,455	22,184	298,228
Real estate held for sale and non-productive loans	( 14,256)	( 605)	24,961
Total Funds Invested	<u>\$314,042</u>	<u>\$247,444</u>	<u>\$465,277</u>

## Auditors' Report to the Shareholders

### To the Shareholders of Central Trust Company

We have examined the consolidated balance sheet of Central Trust Company as at December 31, 1985 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Doane Raymond  
Chartered Accountants

Halifax, Nova Scotia  
February 4, 1986



# Notes to Consolidated Financial Statements

December 31, 1985

## 1 Summary of Significant Accounting Policies:

a) **Consolidation.** The financial statements reflect the consolidated financial position at December 31, 1985 and the consolidated results of operations for the year ended on that date of Central Trust Company and its wholly-owned subsidiary companies: Central and Eastern Mortgage Corporation, Novatrust Properties Ltd., Federal Trustco Properties Limited and Yarmouth Building and Loan Society.

b) **Securities.** Bonds are stated at amortized cost plus accrued interest and stocks at cost plus dividends receivable. Gains and losses on securities are reflected in net income as realized.

c) **Office Premises and Equipment.** Land is stated at cost, and office premises and equipment are stated at cost less accumulated depreciation and amortization. Rates of depreciation and amortization applied against the cost of these assets are as follows:

Buildings	— 2½% straight line
Equipment	— 20% declining balance
Leasehold improvements	— Straight line over the terms of the leases, but not less than 10% per annum

Gains and losses on disposals are included in net income as realized.

d) **Deferred Costs.** Costs relating to the development of major computer systems and the deposit commissions paid in accordance with the Agreement referred to in Note 11 are amortized on a straight line basis over a maximum term of five years from the completion date and the payment date respectively.

e) **Mortgage Rate Reductions.** From time to time the Company makes mortgage loans at rates of interest below current market rates in consideration of a payment by the mortgagors. A portion of such payments is amortized into income over the terms of the mortgages.

f) **Deferred Income Taxes.** The Company follows the tax allocation basis of accounting whereby income taxes are deferred to future years as a result of the deduction of amounts allowable in computing income for tax purposes which are greater or less than the amounts provided for in the accounts, with respect to investment reserve, depreciation and other items.

g) **Non-Performing Loans.** Mortgages and loans of \$100,000 or greater in arrears more than four payments and where collectibility is considered doubtful, are classified as non-performing and cease to accrue further interest.

h) **Comparative Information.** Financial information for previous years has been reclassified, where necessary, for comparative purposes.

## 2 Securities

	1985		1984 (Dollars in Thousands)		1983	
	Stated Value	Market Value	Stated Value	Market Value	Stated Value	Market Value
<b>Bonds</b>						
Government of Canada	\$117,559	\$120,318	\$ 47,414	\$ 48,083	\$ 18,247	\$ 17,938
Provinces of Canada	28,651	26,835	19,295	15,829	20,924	16,750
Other	7,366	7,505	3,106	2,781	3,270	2,887
	<u>153,576</u>	<u>154,658</u>	<u>69,815</u>	<u>66,693</u>	<u>42,441</u>	<u>37,575</u>
<b>Stocks</b>						
Preferred	57,887	54,925	55,651	49,555	57,011	50,618
Common	11,140	12,064	12,350	10,820	14,718	14,015
MICC Investments Limited, common and preferred	7,230	12,790	7,230	7,230	18,177	16,363
	<u>76,257</u>	<u>79,779</u>	<u>75,231</u>	<u>67,605</u>	<u>89,906</u>	<u>80,996</u>
	<u>\$229,833</u>	<u>\$234,437</u>	<u>\$145,046</u>	<u>\$134,298</u>	<u>\$132,347</u>	<u>\$118,571</u>

### 3 Office Premises and Equipment

	1985	1984	1983
	(Dollars in Thousands)		
Land	\$ 1,170	\$ 1,170	\$ 1,170
Buildings	6,302	6,294	6,250
Equipment and leasehold improvements	17,297	14,768	12,727
Total cost	24,769	22,232	20,147
Less accumulated depreciation	11,627	9,989	8,567
	<u>\$13,142</u>	<u>\$12,243</u>	<u>\$11,580</u>

### 4 Other Assets

	1985	1984	1983
	(Dollars in Thousands)		
Real estate held for sale and non-performing mortgages and loans, at estimated realizable value	\$15,727	\$27,922	\$30,474
Real estate investment properties, at cost less accumulated depreciation \$510,000 (1984 — \$417,000, 1983 — \$324,000)	5,159	5,252	5,333
Other	8,371	8,831	6,367
	<u>\$29,257</u>	<u>\$42,005</u>	<u>\$42,174</u>

**5 Guaranteed Investment Account.** Total assets shown on the balance sheet include assets held for Guaranteed Investment Account of \$2,819,607,000 (1984 — \$2,506,843,000, 1983 — \$2,266,974,000) securing guaranteed investment liabilities of like amount.

**6 Notes, Mortgages and Capital Leases.** The liabilities included herein are secured by a first charge on specific assets having a net book value of \$12,408,000 (1984 — \$12,373,000, 1983 — \$13,330,000).

The minimum payments required on these liabilities for the next five years are as follows:

1986	1987	1988	1989	1990
\$981,000	\$996,000	\$938,000	\$704,000	\$783,000

**7 Capital Stock.** The Company's authorized capital is \$518,975,000 (1984 — \$520,300,000, 1983 — \$521,625,000) and its issued capital as at December 31, 1985 is \$69,243,000 (1984 — \$69,157,000, 1983 — \$70,211,000), particulars of which are as follows:

	1985	1984	1983
	(Dollars in Thousands)		
7,824,000 cumulative, redeemable preference shares with a par value of \$25 each issuable in series (the '1981 Class Preference Shares')			
Issued and outstanding			
Series A — 384,000 shares (1984 — 408,000, 1983 — 432,000)	\$ 9,600	\$10,200	\$10,800
Series B — 160,000 shares (1984 — 170,000, 1983 — 180,000)	4,000	4,250	4,500
Series C — 160,000 shares (1984 — 170,000, 1983 — 180,000)	4,000	4,250	4,500
8,000,000 preference shares with a par value of \$25 each issuable in series (the '1983 Class Preference Shares')			
Issued and outstanding			
Series 1 — 600,000 shares	15,000	15,000	15,000
337,500 7½% cumulative, redeemable, non-voting preference shares with a par value of \$10 each (the '7½% Preference Shares')			
Issued and outstanding			
337,500 shares (1984 — 360,000, 1983 — 382,500)	3,375	3,600	3,825
30,000,000 common shares with a par value of \$4 each			
Issued and outstanding			
8,316,951 shares (1984 — 7,964,213, 1983 — 7,896,613)	33,268	31,857	31,586
	<u>\$69,243</u>	<u>\$69,157</u>	<u>\$70,211</u>



**1981 Class Preference Shares.** The 1981 Class Preference Shares may be issued in one or more series. Each series will rank on a parity with every other series of 1981 Class Preference Shares, with the 1983 Class Preference Shares and with the 7½% Preference Shares. The Company is required to redeem in each calendar year 5% of any such issued and fully paid preference shares at a price of \$25 per share plus the amount of all dividends accrued and unpaid thereon up to the date fixed for redemption. The consent of the Superintendent of Insurance (Canada) must be obtained prior to the preference shares of any series being redeemed, purchased, reduced or otherwise paid off by the Company.

The Company has issued three series (Series A, Series B and Series C) of 1981 Class Preference Shares. Pursuant to the above redemption provisions the Company redeemed 24,000 Series A shares, 10,000 Series B shares and 10,000 Series C shares for cash in 1985. In summary, the terms and conditions attached to the 1981 Class Preference shares which have been issued are as follows:

**Series A.** Series A shares are entitled to a quarterly dividend at a rate, expressed on a per annum basis, equal to the sum of 1¾% and ½ the mean prime rate of five Canadian chartered banks, to a maximum of 9¾% per year. This rate may, however, be increased by the Company upon the occurrence of certain events resulting from changes in tax legislation.

**Series B.** Series B shares are entitled to a quarterly dividend. The rate is adjusted quarterly and expressed on a per annum basis and will equal the sum of ½ the prime rate of two Canadian chartered banks and 1¾%.

**Series C.** Series C shares are entitled to a quarterly dividend. The rate is adjusted quarterly and expressed on a per annum basis and will equal the sum of ½ the prime rate of two Canadian chartered banks and 1¼%. The dividend rate may be increased by the Company upon the occurrence of certain events resulting from changes in tax legislation.

The Series A, B and C preference shares may be redeemed, or purchased for cancellation, at the option of the Company in whole or in part, at any time, subject to certain conditions. The shares of all three series are retractable at the option of the respective holders thereof on March 31, 1991, at par plus accrued and unpaid dividends. The Company has the right to adjust the basis for determining the dividend rate and to establish additional retraction privileges applicable to each series at that time. These shares are non-voting unless two quarterly dividends of any series of 1981 Class Preference Shares issued are in arrears or the Company fails to redeem any shares as required and such failure continues for a period of six months. Any voting rights so acquired terminate when such situations are rectified.

**1983 Class Preference Shares.** The 1983 Class Preference Shares may be issued in one or more series. Each series will rank on a parity with every other series of 1983 Class Preference Shares, with the 1981 Class Preference Shares and with the 7½% Preference Shares. These shares are non-voting unless eight quarterly dividends on any series of 1983 Class Preference Shares are in arrears in which case any voting rights so acquired terminate when such dividends have been paid. The consent of the Superintendent of Insurance (Canada) must be obtained prior to shares of any series being redeemed, purchased, reduced or otherwise paid off by the Company.

The Company has issued one series ('Series 1') of 1983 Class Preference Shares consisting of 600,000 cumulative, redeemable, retractable preference shares. In summary, the terms and conditions attached to the Series 1 preference shares are as follows:

The Series 1 shares are entitled to a fixed cumulative dividend of \$2.3125 per share per annum, payable quarterly on the first day of January, April, July and October in each year. They are retractable at the option of the respective holders thereof on July 1, 1993 at a price of \$25.00 per share plus accrued and unpaid dividends. The Company has the right once at any time before the Retraction Date to increase the dividend rate on those shares effective as of a dividend date following July 1, 1993. The Series 1 preference shares may be redeemed, at the option of the Company, in whole or in part, at any time after July 1, 1991, subject to certain conditions.

The Series 1 preference shares may be purchased for cancellation, at the option of the Company, in whole or in part, at any time, subject to certain conditions. The Company shall make all reasonable efforts to purchase for cancellation during each calendar quarter commencing July 1, 1988 and thereafter, a prescribed number of Series 1 preference shares at a price of \$25.00 per share, plus accrued and unpaid dividends and costs of purchase.

**7½% Preference Shares.** The 7½% Preference Shares are entitled to a quarterly dividend at the rate of 7½% per annum. The Company is required to purchase 22,500 of these shares for cancellation in each year at par plus accrued and unpaid dividends thereon to the date fixed for such purchase. 22,500 of these shares were purchased for cash by the Company in 1985. All 7½% Preference Shares outstanding on May 16, 1990 are to be redeemed by the Company at that time at par plus accrued and unpaid dividends. The Company may, at its option, redeem all or any part of these shares prior to 1990, subject to certain conditions. The consent of the Superintendent of Insurance (Canada) must be obtained prior to any of the 7½% Preference Shares being redeemed, purchased, reduced or otherwise paid off by the Company.

**Common Shares.** The Company has a dividend reinvestment and stock purchase plan enabling shareholders to acquire additional common shares from Treasury at a specified price by reinvesting dividends and/or by payment of cash. Under this plan, 160,038 shares were issued during the year. The plan has been amended to (a) permit dividends on 1983 Class Preference Shares to be reinvested in common shares under the plan, and (b) increase the amount of additional common shares which may be purchased at market price from \$3,000 to \$5,000 per quarter.



During the year, the Company reserved 262,500 common shares under a stock option plan in favour of certain executives in the full time employment of the Company. Under an agreement dated February 21, 1985 expiring February 21, 1988, an option was granted for 12,500 common shares at a price of \$10.63. Under an agreement dated March 21, 1985, expiring March 20, 1990, an option was granted, subject to shareholder approval, for 250,000 common shares at a price of \$11.00. To December 31, 1985, none of these shares have been issued.

The Directors have approved amendments to the Company's stock option plan, subject to regulatory and shareholder approval, increasing the maximum number of common shares which may be optioned thereunder to 10% of the common shares outstanding from time to time and increasing the number of personnel eligible to participate in the plan. Options totalling 519,000 common shares were granted on February 4, 1986 at a price of \$13.50 being the closing price on the Toronto Stock Exchange on February 3, 1986.

- 8 Income Taxes.** The effective rate of corporate income taxes varies from statutory rates due to certain investment income not being subject to tax.
- 9 Extraordinary Item.** During the year the Company received net proceeds amounting to \$1,170,000 from an executive life insurance policy and another non-recurring payment.

**10 Commitments**

**Leases.** The commitments made under long term leases for premises and equipment for the next five years are as follows:

1986	1987	1988	1989	1990
\$5,129,000	\$3,840,000	\$2,895,000	\$2,044,000	\$1,455,000

**Office Premises.** The Company has an outstanding commitment to purchase leasehold improvements totalling \$828,000 from Crown Trust Company subject to the assignment of leases related thereto.

**Mortgage and Loan Advances.** Outstanding commitments for mortgage and loan advances at December 31, 1985 amounted to \$251,972,000 (1984 — \$141,384,000, 1983 — \$109,740,000).

**11 Contractual Obligation — Agency and Operating Agreement relating to Crown Trust Company.**

On February 7, 1983, the Company entered into an Agency and Operating Agreement with Crown Trust Company, the Registrar under the Loan and Trust Corporations Act (Ontario) and Canada Deposit Insurance Corporation, whereby Central Trust Company was appointed agent of Crown Trust Company to conduct, manage, operate and administer substantially all of the business, affairs, undertaking, operations, assets, liabilities and obligations of Crown Trust Company until February 7, 1988.

The Company is to pay to Crown Trust Company during the term of the Agreement (1) commissions to a maximum of \$7,000,000 based on the deposit liabilities reflected in the records of the former Crown branches and (2) commissions in respect of the revenue earned on the estates, trusts and agencies formerly administered by Crown Trust Company.

The Company receives a fee for its services to Crown Trust Company.

- 12 Subsequent Events.** The Company has approved a plan, subject to regulatory approval, to change the corporate structure of the Company through the creation of a holding company. It is proposed that the holding company would become the parent company of Central Trust. This would be accomplished by offering shares of the new company in exchange for common shares of Central Trust.



# Financial Commentary

The Company's net income for the year was \$11,973,000, an increase of \$7,866,000 or 192% over 1984. Net income per common share was \$1.10 as compared to 13¢. Included in net income in 1985 were extraordinary income items comprised of insurance proceeds and tenants' inducements amounting to \$1,170,000 and in 1984 an extraordinary write-down of \$5,898,000 relating to the Company's investment in MICC.

## Gross Revenue

Gross revenue for the year was \$344 million, up \$25 million or 8% over 1984. After deducting interest expenses, net revenue amounted to \$75.6 million compared to \$71.6 million in the previous year, an increase of 6%.

## Operating Expenses

Non-interest expenses totalled \$53.6 million, an increase of 8% over 1984. A key objective of the Company is to increase assets at a faster rate than expenses. In the year, asset growth exceeded expense growth by 4%. Expressed as a percentage

of average assets, non-interest expenses were 1.92% compared to 1.99% in 1984.

## Asset Growth

The Company's assets at year end amounted to \$2.95 billion, representing an increase of \$318 million or 12% in the year. Cash and short term investments increased \$110 million. Investment in securities increased by \$85 million, mortgages by \$121 million and other loans and advances by \$14 million. The increase in assets was funded largely by retail demand and term deposits. Of the Company's total deposits of \$2.82 billion, less than \$50 million is comprised of wholesale deposits.

## Net Interest Spread

The net interest spread on a tax equivalent basis averaged 2.04% as compared with 2.12% in 1984. Net interest income was \$57 million, an increase of \$3,697,000 or 7%. Increased volume accounted for \$5,967,000 which was partly offset by \$2,270,000 resulting from the lower spread.

(Dollars in Thousands)

	1985		1984		Increase (Decrease)	
		%		%		%
Investment income	\$317,623	11.32	\$293,644	11.64	\$23,979	(.32)
Tax equivalent gross-up	4,990	.18	5,105	.20	(115)	(.02)
	<u>322,613</u>	<u>11.50</u>	<u>298,749</u>	<u>11.84</u>	<u>23,864</u>	<u>(.34)</u>
Interest on loans and deposits	265,458	9.46	245,291	9.72	20,167	(.26)
Net interest	<u>\$ 57,155</u>	<u>2.04</u>	<u>\$ 53,458</u>	<u>2.12</u>	<u>\$ 3,697</u>	<u>(.08)</u>

## Liquidity

Under the Trust Companies Act and regulations established by the Department of Insurance, the Company is required to maintain liquid assets to ensure funds are available to meet its obligations. Company policy is to maintain liquid assets well in excess of statutory requirements:

## Capital Ratio

The Company's capital base for borrowing purposes is comprised of shareholders' equity plus or minus adjustments for deferred income taxes, statutory value of securities, excess liquidity, deductions for furniture, leasehold improvements and other adjustments. At year end the ratio of the adjusted capital base to deposits resulted in a borrowing ratio of 22.5 which compares to an authorized ratio of 25 times.

## Statement of Liquidity

(Dollars in Thousands)

	December	
	1985	1984
Cash & eligible short term investments	\$297,917	\$214,363
Canada & provincial bonds	142,453	65,871
Other eligible investments	<u>340,437</u>	<u>366,318</u>
	<u>780,807</u>	<u>646,552</u>
Deduct — statutory requirement representing 20% of demand deposits and term deposits maturing within 100 days	<u>210,925</u>	<u>188,998</u>
Excess liquidity	<u>\$569,882</u>	<u>\$457,554</u>

# Interest Rate Sensitivity

The Company's main source of income is net interest income or "spread" which is the difference between income earned on investments and interest paid to depositors. The objective of "interest rate sensitivity" management is to match interest sensitive assets with interest sensitive liabilities, thus controlling wide fluctuations of income during periods of volatile interest rates.

The Company has a "funds management" committee whose responsibility is to monitor the mismatch between interest sensitive assets and deposits, to set rates and manage the "spread". The schedule below shows that interest sensitive assets are closely matched with interest sensitive liabilities.

## Schedule of Assets and Liabilities by Interest Sensitivity December 31 (Dollars in Thousands)

Interest Sensitive Assets	1985	1984	Interest Sensitive Liabilities	1985	1984
Cash and short term investments	\$ 328,303	\$ 218,049	Short term deposits	\$ 112,198	\$ 116,310
Mortgages and loans	530,196	525,650	Other deposits	731,902	643,271
Preferred shares	7,088	6,591			
	<u>865,587</u>	<u>750,290</u>		<u>844,100</u>	<u>759,581</u>
<b>Fixed Rate Assets</b>			<b>Fixed Rate Liabilities and Shareholders' Equity</b>		
Mortgages, loans and other advances	1,814,527	1,684,306	Deposits	1,975,507	1,747,262
Common and preferred shares	69,169	68,640	Other liabilities	22,884	17,059
Bonds	153,576	69,815	Subordinated notes	—	5,000
Real estate and equipment	13,142	12,243	Shareholders' equity	102,767	98,397
Real estate held for sale and non-performing loans	15,727	27,922			
Real estate investments	5,159	5,252			
Other assets	8,371	8,831			
	<u>2,079,671</u>	<u>1,877,009</u>		<u>2,101,158</u>	<u>1,867,718</u>
Total assets	<u>\$2,945,258</u>	<u>\$2,627,299</u>	Total liabilities	<u>\$2,945,258</u>	<u>\$2,627,299</u>

## Matching — Term Assets and Liabilities

Company policy is to match within accepted tolerances term investments maturing each year with term deposits for a similar term:

## Schedule of Maturities

December 31 (Dollars in Millions)

	Mortgages and Investments	1985 Deposits and Other	Mismatch	Mortgages and Investments	1984 Deposits and Other	Mismatch
Demand and within 1 year	\$1,667	\$1,772	(\$105)	\$1,447	\$1,477	(\$30)
1-2 years	348	325	23	417	415	2
2-3 years	375	338	37	256	206	50
3-4 years	215	197	18	185	186	( 1)
4-5 years	237	214	23	178	174	4
Over 5 years	103	99	4	144	169	( 25)
	<u>\$2,945</u>	<u>\$2,945</u>	<u>—</u>	<u>\$2,627</u>	<u>\$2,627</u>	<u>—</u>



# Comparative Five Year Record

For the Year Ended (Dollars in Thousands)	1985	1984	1983	1982	1981
<b>Income</b>					
Interest and dividends	\$ 317,623	\$ 293,644	\$ 256,367	\$ 244,913	\$ 231,108
Interest on deposits	265,458	245,291	217,459	223,136	214,792
	52,165	48,353	38,908	21,777	16,316
Fees and commissions	17,273	17,097	20,835	6,892	5,758
Other operating income	6,166	6,144	4,857	3,354	3,195
	75,604	71,594	64,600	32,023	25,269
<b>Expenses</b>					
Salaries and staff benefits	25,637	24,290	23,355	14,762	14,314
Other operating expenses	27,971	25,517	22,191	12,899	12,761
	53,608	49,807	45,546	27,661	27,075
Operating income (loss)	21,996	21,787	19,054	4,362	( 1,806)
Provision for loan losses	6,527	7,650	8,192	3,261	633
Net gains on investments	1,283	728	1,776	114	2,210
	16,752	14,865	12,638	1,215	( 229)
Income taxes (recovery)	5,949	4,860	3,038	( 3,377)	( 4,697)
<b>Net Income Before Extraordinary Items</b>	10,803	10,005	9,600	4,592	4,468
Insurance proceeds and other non-recurring income	1,170	—	—	—	—
Reduction in carrying value of investment in MICC Investments Limited	—	5,898	5,857	—	—
Income (loss) from equity investment	—	—	—	( 1,674)	1,714
<b>Net Income</b>	\$ 11,973	\$ 4,107	\$ 3,743	\$ 2,918	\$ 6,182
<b>Earnings per common share after providing for dividends on preference shares</b>					
Net income before extraordinary items	\$ .96	\$ .87	\$ 1.01	\$ .35	\$ .39
Net income	1.10	.13	.18	.08	.71
Dividends paid on common shares	.80	.80	.80	.80	.80
<b>At December 31 (Dollars in Thousands)</b>					
Assets under administration	\$4,064,000	\$3,797,000	\$3,622,000	\$2,388,000	\$2,346,000
Company and guaranteed assets	2,945,000	2,627,000	2,389,000	1,936,000	1,907,000
Estates, trusts and agency accounts	1,119,000	1,170,000	1,233,000	452,000	439,000
Marketable securities	558,000	363,000	230,000	271,000	307,000
Mortgage loans	1,810,000	1,689,000	1,605,000	1,412,000	1,372,000
Other loans and advances	535,000	521,000	499,000	201,000	167,000
Demand deposits	732,000	643,000	559,000	432,000	310,000
Term deposits	2,088,000	1,864,000	1,708,000	1,402,000	1,493,000
Shareholders' equity	103,000	98,000	104,000	76,000	81,000
<b>Statistical Data</b>					
Average number of common shares outstanding	8,210,085	7,936,233	7,076,543	6,238,975	5,436,399
Number of common shareholders at year end	3,459	3,272	3,463	2,800	2,815
Number of common shares traded during year	3,109,900	1,171,200	701,900	177,750	267,300
Price range of common shares — High	\$ 16.00	\$ 14.00	\$ 14.00	\$ 9.50	\$ 12.75
— Low	\$ 9.75	\$ 9.25	\$ 8.50	\$ 5.50	\$ 6.62
Number of full time employees at year end	1,015	1,026	1,078	704	752
Number of real estate sales representatives	180	160	138	113	111
Return on average common shareholders' equity	14.15%	1.64%	2.20%	1.00%	7.34%
Return on average assets	.43%	.16%	.17%	.15%	.33%
Number of full service branch offices	57	57	56	46	44

# Board of Directors and Committees of the Board of Directors

**George J. Bingham**

Moncton, N.B.  
Counsel, Bingham, Durling & Mix  
(Barristers & Solicitors)

**H. Reuben Cohen**

Moncton, N.B.  
Barrister & Solicitor

**Arthur M. Dechman**

Bridgewater, N.S.  
President and General Manager,  
Acadia Construction Limited

**Glendon F. Eddy**

Bathurst, N.B.  
Corporate Director

**Leonard Ellen**

Westmount, Que.  
Chairman, Leonard Ellen Canada Inc.

**Hume M. Ellis**

Moncton, N.B.  
Corporate Director

**Edwin A. Goodman**

Toronto, Ont.  
Senior Partner, Goodman & Goodman  
(Barristers & Solicitors)

**Douglas J. Hamm**

Sackville, N.B.  
Chairman, Atlantic Wholesalers  
Limited

**Royden J. MacBurnie**

Dartmouth, N.S.  
Executive Vice-President,  
Finance and Planning  
Central Trust Company

**Horace R. MacFarlane**

Summerside, P.E.I.  
President, Prince Edward Island  
Bag Co. Ltd.

**W. John MacInnes**

Halifax, N.S.  
Senior Partner, MacInnes Wilson  
Flinn Wickwire  
(Barristers & Solicitors)

**Donald W. McNaughton**

Montreal, Que.  
Chairman of the Board,  
Schenley Canada Inc.

**Ralph M. Medjuck**

Halifax, N.S.  
Chairman and Chief Executive Officer,  
Scotia Energy Resources Limited

**Derek Oland**

Halifax, N.S.  
President and Chief Operating  
Officer, Moosehead Breweries Limited

**Angela Peters**

Halifax, N.S.  
Corporate Director

**R. Wendell Phinney**

Kentville, N.S.  
President, Phinney Holdings Limited

**George B. Robertson**

Halifax, N.S.  
Senior Partner, McInnes, Cooper  
& Robertson  
(Barristers & Solicitors)

**Struan Robertson**

Halifax, N.S.  
President and Chief Executive Officer,  
Central Trust Company

**M. Adelard Savoie**

Dieppe, N.B.  
Partner, Yeoman, Savoie, LeBlanc  
& Associates  
(Barristers & Solicitors)

**William E. Schwartz**

Halifax, N.S.  
President, Schwartz Holdings Ltd.

**Donald M. Smith**

London, England  
Agent General,  
Province of Nova Scotia

**John E. C. Winslow**

Woodstock, N.B.  
President,  
Winslow & Winslow Limited

Honorary Chairman of the Board

**Richard J. Logue**

Sydney, N.S.

**Executive Committee**

Chairman: Struan Robertson  
H. Reuben Cohen  
Leonard Ellen  
Edwin A. Goodman  
Douglas J. Hamm  
W. John MacInnes  
George B. Robertson

**Mortgage Committee**

Chairman: Struan Robertson  
Christopher J. Cann  
H. Reuben Cohen  
Arthur M. Dechman  
Douglas J. Hamm  
Royden J. MacBurnie  
W. John MacInnes  
Ralph M. Medjuck  
William E. Schwartz

**Trust Committee**

Chairman: M. Adelard Savoie  
Glendon F. Eddy  
Edwin A. Goodman  
Royden J. MacBurnie  
Irving C. Pink

**Investment Committee**

Chairman: Leonard Ellen  
H. Reuben Cohen  
Douglas J. Hamm  
Derek Oland  
Struan Robertson

**Audit Committee**

Chairman: Hume M. Ellis  
Royden J. MacBurnie  
W. John MacInnes  
Angela Peters  
George B. Robertson

**Pension Committee**

Chairman: George B. Robertson  
Robert B. Blight  
Donald L. Copeland  
Elizabeth A. MacDonald  
Angela Peters  
R. Wendell Phinney

**Human Resources Committee**

Chairman: Douglas J. Hamm  
Struan Robertson  
Donald W. McNaughton



## Officers

Struan Robertson,  
B.Comm., LL.B., D.Eng.  
President and Chief Executive Officer

H. Reuben Cohen, O.C., Q.C.  
Deputy Chairman of the Board

Royden J. MacBurnie, F.C.A., F.T.C.I.  
Executive Vice-President,  
Finance and Planning

Donald W. Saunders, B.B.A.  
Senior Vice-President,  
Corporate Services

Kenneth R. Eddy, B.A.  
Senior Vice-President,  
Branch Operations

Harold T. Martin, LL.B.  
Senior Vice-President,  
Trust Services

Christopher J. Cann, C.G.A., M.T.C.I.  
Senior Vice-President,  
Lending and Deposits

George B. Robertson, Q.C.  
Vice-President

Donald M. Smith  
Vice-President

Suzan M. MacLean, B.A., M.C.A., LL.B.  
Corporate Secretary and  
General Counsel

VaLerie K. Pettipas, B.A.  
Assistant Corporate Secretary

## Management

F. Roland Avis, M.T.C.I.  
Vice-President, Data Processing

Llewellyn C. Chase, A.I.C.B.  
Manager, Data Processing

Patricia A. Bewers,  
B.Sc. (Hons.), F.L.M.I.  
Manager, Systems Development

Joseph E. Brinton, C.A.  
Vice-President, Accounting Services

Marilyn J. Swan, C.G.A.  
Comptroller

Brenda P. Murray, C.M.A., M.T.C.I.  
Manager, Financial Planning

J. Jeffrey W. Coates  
Vice-President, Mortgages

James G. Dodge,  
B.Sc., Dip. Eng., B.Comm., C.A.  
Manager, Mortgages and  
Commercial Lending

Ernest K. Davison, M.T.C.I.  
Vice-President, Trust Services

G. Wilfred Fern, M.T.C.I.  
Vice-President,  
Corporate Trust Services

Anthony M. Kay, M.T.C.I.  
Vice-President,  
Personal Trust Services

Gerald N. Slaunwhite, M.T.C.I.  
Vice-President, Administration

Norman S. Duncan  
Manager, Premises Projects

Robert B. Blight, B.Comm., M.T.C.I.  
Assistant Vice-President,  
Trust Investments

Elizabeth A. MacDonald, B.A.  
Assistant Vice-President, Personnel

John G. Mroz, Q.C.  
Assistant Vice-President,  
Real Estate Sales

James W. Russell  
Assistant Vice-President,  
Consumer and Commercial Loans

Brent W. Everett, M.T.C.I.  
Manager, Deposit Services

Alan S. MacKenzie  
Manager, Lending Services

Barry M. Martin, B.B.A., C.I.A.  
Manager, Audit Services

Mary E. Moulton  
Manager, Marketing Services

Thomas R. MacLaren, B.B.A., F.C.S.I.  
Manager,  
Money Market Investments



Members of the Company's Management Committee are shown from left to right: Harold T. Martin, Senior Vice-President, Trust Services; Christopher J. Cann, Senior Vice-President, Lending and Deposits; Donald W. Saunders, Senior Vice-President, Corporate Services; Kenneth R. Eddy, Senior Vice-President, Branch Operations; Struan Robertson, President and Chief Executive Officer; and Royden J. MacBurnie, Executive Vice-President, Finance and Planning.

# Directory of Regional and Branch Offices

## Nova Scotia Newfoundland Region

### Regional Office

5415 Spring Garden Road  
Halifax, Nova Scotia  
B3J 3J1  
Telephone (902) 422-1331

Elliott L. Hayes, M.T.C.I.  
Vice-President, Branch Operations

Steven R. Fowler, B.Comm., M.T.C.I.  
Regional Manager, Trust Services

E. Harvey Stewart, M.T.C.I.  
Manager, Investments

### Branches, Branch Managers and Advisory Boards

#### Bedford, Nova Scotia

Bedford Office Tower  
John S. Davies, Branch Manager

Advisory Board:  
Arthur J. Hustins, Jr., Chairman  
David F. English, LL.B.  
G. Royce Hefler  
John W. Payzant

#### Bridgewater, Nova Scotia

557 King Street  
William E. McInnis, Branch Manager

Advisory Board:  
Arthur M. Dechman, P.Eng., Chairman  
Robert C. Hebb  
Miriam E. Penny  
Cecil S. Smith, C.A.  
J. David F. Theakston, Q.C.

#### Dartmouth, Nova Scotia

97 Portland Street  
Darrell C. Kennie, Branch Manager

Advisory Board:  
C. Arnold Patterson, Chairman  
Douglas H. Cochrane  
Kirk E. MacCulloch  
Hector H. Newport  
Wylie F. Verge, M.D.

#### Halifax, Nova Scotia

5415 Spring Garden Road  
Harold Kempster, M.T.C.I.  
Branch Manager

1801 Hollis Street  
Winston P. Bradley, M.T.C.I.  
Vice-President & Branch Manager

Bayers Road Shopping Centre  
Larry M. Martin, M.T.C.I.  
Branch Manager

Francis A. MacDonald, Manager,  
Real Estate Sales,  
Metro Halifax-Dartmouth

#### Kentville, Nova Scotia

42 Webster Street  
D. Keith MacDonald, M.T.C.I.  
Branch Manager

Charles H. Neary, Manager,  
Real Estate Sales

Advisory Board:  
R. Wendell Phinney, Chairman  
R. Owen DeWolfe  
K. Leroy Taylor, Q.C.  
Graham K. Thompson  
William F. Wade

#### New Glasgow, Nova Scotia

134 Provost Street  
James A. Bailey, Branch Manager

Jean H. Dickie, Manager,  
Real Estate Sales

Sub-Real Estate Office  
195 Main Street  
Antigonish, Nova Scotia

Advisory Board:  
Chesley D. Fraser, Chairman  
Roy F. Chisholm  
Merritt G. Crawford

#### Port Hawkesbury, Nova Scotia

Reeves Street  
J. Nelson Gaudet, Branch Manager

Advisory Board:  
Larry K. Evans, LL.B., Chairman  
D. Steven Rankin  
James M. Graham

#### Sydney, Nova Scotia

225 Charlotte Street  
H.A. Wellington McCoubrey  
Branch Manager

C. E. (Ted) Tracey, Manager,  
Real Estate Sales

Advisory Board:  
Richard J. Logue, K.M., LL.D.,  
Chairman  
Sidney A. Reeves  
Harvey L. Webber, Q.C.

#### Truro, Nova Scotia

16 Inglis Place  
Stephen C. Tufts, Branch Manager

Advisory Board:  
Walter T. Purdy, Chairman  
Donald H. Goodspeed  
Garry Pye  
Clifton H. Sproule

#### Yarmouth, Nova Scotia

360 Main Street  
James Crosby, B.Comm.,  
Branch Manager

Advisory Board:  
Harold W. MacConnell, Chairman  
B. William Bishop, F.C.A.  
J. Raymond Deveau  
Irving C. Pink, Q.C.  
Victor H. Rodney  
Walter W. Wilson

#### Corner Brook, Newfoundland

Valley Mall, 1 Mount Bernard Avenue  
Lois E. Burton, Branch Manager

Advisory Board:  
Arthur R. Lundrigan, Chairman  
Leonard A. Martin, Q.C.  
David L. Tizzard  
Eugene O. Vivian

#### Gander, Newfoundland

320 Elizabeth Drive  
J. Paul Parsons, Branch Manager

Advisory Board:  
Wayne W. Tucker, Chairman  
Bryan K. MacLaggan  
David E. Power

#### St. John's, Newfoundland

95 Bonaventure Avenue  
Ralph W. Dickey, Branch Manager

198 Water Street  
Robert S. Haines, M.T.C.I.  
Branch Manager

Brendan Kelly, Manager,  
Real Estate Sales

Advisory Board:  
John J. O'Neill, Chairman  
Andrew C. Crosbie  
Albert E. Hickman  
Noel C. Hutton

## New Brunswick Prince Edward Island Quebec Region

### Regional Office

860 Main Street  
Moncton, New Brunswick E1C 8M1  
Telephone (506) 853-4370

John L. Gertridge  
Vice-President, Branch Operations

Ronald C. Morse, M.T.C.I.  
Manager, Trust Services



## **Branches, Branch Managers and Advisory Boards**

### **Amherst, Nova Scotia**

136 Victoria Street  
William D. Flemming, B.Sc.  
Branch Manager

Advisory Board:  
Douglas J. Hamm, Chairman  
Douglas R. Bragg  
E. Clair Hicks, Q.C.  
Russell O. Hunter  
Donald W. Tingley

### **Bathurst, New Brunswick**

191 Main Street  
William A. Peters, Branch Manager

Advisory Board:  
Glendon F. Eddy, Chairman  
Aldéa Landry, B.A., LL.B.  
W. Blair Orser, M.D.  
Armand E. Roy, C.A.

### **Campbellton, New Brunswick**

123 Water Street  
Jean Paul Melanson, B.B.A.,  
Branch Manager

Advisory Board:  
Robert L. Melville, Chairman  
J. Ludger Bernard, Q.C.  
Allan H. Miller

### **Edmundston, New Brunswick**

14 Court Street  
J.R. Maurice Pelletier  
Branch Manager

Advisory Board:  
Lawrence B. Coburn, Chairman  
Henri P. Clavette  
Raymond Corbin, M.D.  
Knut Grotterod  
Louis P. Pichette, M.D.

### **Fredericton, New Brunswick**

494 Queen Street  
Wayne V. Dauphinee, M.T.C.I.  
Branch Manager

Advisory Board:  
W. Hedley Wilson, Chairman  
D. Frederick Campbell  
John W. Morrison  
J. Gordon Neill  
D. Chester Campbell

### **Moncton, New Brunswick**

860 Main Street  
Robert A. Glennie, Branch Manager

1199 Main Street  
Georges E. Gaudet, B.Comm.  
Branch Manager

Constance R. MacCallum, F.R.I.  
Manager, Real Estate Sales

Sub-Real Estate Office  
Centreville Mall, Shediac

Advisory Board:  
Hume M. Ellis, Chairman  
R. Douglas Bannon  
Sumner M. Fraser  
M. Adelard Savoie, O.C., Q.C.  
George T. Urquhart  
J. E. Murphy

### **Newcastle, New Brunswick**

117 Henry Street  
David A. Tracy, M.T.C.I.  
Branch Manager

Advisory Board:  
Jack F. Esson, Chairman  
Leon C. Bremner  
Jack B. Estey  
John L. McAllister

### **Saint John, New Brunswick**

Coburg and Union Streets  
Douglas M. Gordon, Branch Manager

Harold L. Coughlan, F.R.I.  
Manager, Real Estate Sales

Sub-Real Estate Office  
220 Main Street, Hampton,  
New Brunswick

Advisory Board:  
Arthur J. Flood, Chairman  
Donald M. Gillis  
Paul D. Hatty  
John D. Kidd

### **St. Stephen, New Brunswick**

126 Milltown Boulevard  
Clyde C. Walls, M.T.C.I.  
Branch Manager

Advisory Board:  
G. Fred Nicholson, Chairman  
J. William Garcelon  
Thomas A. W. Taylor, D.D.S.

### **Sussex, New Brunswick**

614 Main Street  
Louis L. Lambe, M.T.C.I.  
Branch Manager

Advisory Board:  
H. Russell Bryant, M.D., Chairman  
Earl J. Cunningham  
Lawrence A. Donovan, D.V.M.  
Donald E. Drury, M.Sc.

### **Woodstock, New Brunswick**

655 Main Street  
John S. London, B.Comm.  
Branch Manager

Advisory Board:  
John E.C. Winslow, Chairman  
Frederick H. Hatfield  
Vardell C. Johnson  
Carl Ash, Sr.  
Peter E. Crocco

### **Charlottetown, Prince Edward Island**

118 Kent Street  
Randall L. Smith, Branch Manager

Advisory Board:  
J. Andrew Likely, Chairman  
J. Norman MacLeod  
Michael A. Farmer, Q.C.

### **Summerside, Prince Edward Island**

277 Water Street  
Terry H. Donnelly, Branch Manager

Advisory Board:  
Horace R. MacFarlane, Chairman  
William C. Callbeck  
George A. Key, Jr.

### **Montreal, Quebec**

1130 Sherbrooke Street West  
Laurier M. Levac, Branch Manager

### **Westmount, Quebec**

4825 Sherbrooke Street West  
Helen M. Corrigan, Branch Manager

Advisory Board:  
Donald W. McNaughton, Chairman  
Gordon B. Taylor, Vice-Chairman  
Pierre DesMarais II  
Leonard Ellen  
Bernard Lamarre  
Philip F. Vineberg, O.C., Q.C.

## **Ontario Region**

### **Regional Office**

1 First Canadian Place  
38th Floor  
Toronto, Ontario M5X 1G4  
Telephone (416) 364-4400

Harold T. Martin, LL.B.  
Senior Vice-President, Trust Services

Charles T. Evans  
Vice-President, Branch Operations

G. Wilfred Fern, M.T.C.I.  
Vice-President, Corporate Trust  
Services

Anthony M. Kay, M.T.C.I.  
Vice-President, Personal Trust Services

Donald L. Copeland, C.A., M.T.C.I.  
Assistant Vice-President

John D. Fergusson,  
M.B.A., C.A., M.T.C.I.  
Assistant Vice-President, Tax Services

Alan S. King  
Assistant Vice-President,  
Stock Transfer

Robert H. March, B.Comm., M.T.C.I.  
Assistant Vice-President,  
Trust Investments

Charles F. W. McIlravey,  
F.R.I., C.R.F., C.L.P.  
Assistant Vice-President, Lending

### **Branches, Branch Managers and Advisory Boards**

**Brampton, Ontario**  
9 Queen Street East  
Harold R. Smith, Branch Manager

**Brantford, Ontario**  
112 Dalhousie Street  
Glen L. Breen, M.T.C.I.,  
Branch Manager

**London, Ontario**  
200 Queens Avenue  
Alexander J. Robertson, M.T.C.I.,  
Branch Manager

**Ottawa, Ontario**  
270 Albert Street  
Ann E. Chapman, B.A.,  
Branch Manager

Advisory Board:  
Peter MacKenzie, Chairman  
Thomas C. Assaly  
Dennis M. Coolican

**Toronto, Ontario**  
1 First Canadian Place  
Donald B. Irvine, M.T.C.I.  
Branch Manager

343 College Street  
Giuseppe (Joe) M. Totino  
Branch Manager

654 Danforth Avenue  
Sarantis (Sam) Castrinos  
Branch Manager

2070 Danforth Avenue  
Joseph P. Amenta, Branch Manager

1850 Eglinton Avenue  
Agostino (Tino) Simonetta  
Branch Manager

948 St. Clair Avenue West  
Giuseppe (Joe) Ianni, B.A.  
Branch Manager

1224 St. Clair Avenue West  
Vincent Crudele, Branch Manager

343 Wilson Avenue  
Michael W. Bushell, Branch Manager

415 Yonge Street  
Anthony J. Lee, Branch Manager

Advisory Board:  
John H. Coleman, Chairman  
Frederick A. Beck, Q.C.  
Edwin A. Goodman, Q.C.  
George C. MacDonald  
Joseph F. Piccininni  
Ainslie St.C. Shuve

**Welland, Ontario**  
Seaway Mall  
800 Niagara Street North  
Joseph A. Giampaolo, B.A., M.T.C.I.  
Branch Manager

**Windsor, Ontario**  
100 University Avenue West  
David W. Thrasher, Branch Manager

## **Western Region**

Regional Office  
401-8th Avenue S.W.  
Calgary, Alberta T2P 1E4  
Telephone (403) 262-5511

Gary H. Cain, M.T.C.I.  
Vice-President, Branch Operations

Orest Dizip, M.T.C.I.  
Assistant Vice-President, Lending

### **Branches, Branch Managers and Advisory Boards**

**Calgary, Alberta**  
401-8th Avenue S.W.  
P. Michael French, Branch Manager

**Edmonton, Alberta**  
9892 Jasper Avenue  
Barry B. Runnalls, Branch Manager

**Grande Prairie, Alberta**  
9824-100th Avenue  
Brian P. Hornung, B.Sc. F.,  
Branch Manager

Advisory Board:  
Harry J. Quinn, D.D.S., Chairman  
Michael J. Frey, C.A.  
Terry T. Lock, LL.B.  
Leslie C. Longmate

**Lethbridge, Alberta**  
506-4th Avenue South  
Robert G. Thompson,  
Branch Manager

Advisory Board:  
J. Campbell Barnes, Chairman  
Reed C. Ellison  
John Gogo, M.L.A.  
Thomas G. McNab, C.A.

**Medicine Hat, Alberta**  
3292 Dunmore Road, S.E.  
John E. Dempsey, Branch Manager

Advisory Board:  
Jack H. Snedden, D.D.S., Chairman  
Reinhold Lehr  
James M. Pritchard, Q.C.  
Thomas A. Sissons

**Red Deer, Alberta**  
5013-49th Avenue  
Cindy R. Oxman, Branch Manager

Advisory Board:  
Keith Anderson, C.A., Chairman  
Robert C. Cooper, M.D.  
Jack C. Donald  
F. William Moore  
Dennis G. Scott

**Kamloops, British Columbia**  
244 Victoria Street  
François J. Egan, B.B.A.  
Branch Manager

Advisory Board:  
Peter Wing, Chairman  
Angus M. Currie, C.A.  
John W. Davis  
Ray J. Fuoco  
Tony Jarrett

**Vancouver, British Columbia**  
750 West Pender Street  
Sydney Mentipty, F.T.C.I.  
Branch Manager

Advisory Board:  
Joseph Segal, Chairman  
William L. McEwen  
Richard Nelson

**Victoria, British Columbia**  
1306 Douglas Street  
John C. Furlong, Branch Manager

**Winnipeg, Manitoba**  
211 Portage Avenue  
David N. Willcock, Branch Manager

Advisory Board:  
John T. McJannet, Q.C., Chairman  
Thomas R. Denton  
Dr. Louis Melosky



## Company Services

### Deposit Services

Investors Daily Interest Accounts  
Central Choice Daily Interest  
Savings/Chequing Accounts  
VIP Savings/Chequing Accounts  
Regular Savings Accounts  
Current Accounts  
Lawyers General Trust Accounts  
Guaranteed Investment Certificates  
Debentures  
Registered Retirement Savings Plans  
Registered Retirement Income Fund

### Investment Services

Investment Management  
Safe Custody  
Pension Fund Management  
Investment Funds  
Mortgage Fund  
Self-Directed Registered Retirement  
Savings Plans  
Self-Directed Registered Retirement  
Income Funds  
Deferred Profit Sharing Plans  
Mortgage Banking

### Lending Services

Mortgage Loans (Residential and  
Commercial)  
Home Equity Loan Plans  
Installment Loans  
Demand Loans  
Collateral Loans  
Visa

### Personal Trust Services

Estate Planning and Administration  
Executors  
Agent for Executors  
Trustees

### Corporate Trust Services

Trustee for Bond Issues  
Transfer Agent  
Registrar  
Dividend Paying Agent

### Real Estate Services

Real Estate Sales  
Real Estate Management  
Appraisals

### Other Services

Safety Deposit Boxes  
Travellers' Cheques  
Personal Money Orders  
Canada Savings Bond Sales Agent

## General Information

### Stock Exchanges

The Company's common shares and 1983 Class Preference Shares, Series 1 are traded on the Toronto Stock Exchange and Montreal Exchange.

### Stock Symbols

#### Common Shares

CETT Toronto Stock Exchange  
CETM Montreal Exchange  
The CUSIP number for the common shares on Canadian stock exchanges is 155587 108.

#### 1983 Class Preference Shares, Series 1

CET. PR. A Toronto Stock Exchange  
CET. PR. A Montreal Exchange  
The CUSIP number for the 1983 Class Preference Shares, Series 1 on Canadian stock exchanges is 155587 207.

### Shareholders' Dividend Reinvestment and Stock Purchase Plan

Holders of either common shares or 1983 Class Preference Shares in the Company who enroll in the Dividend Reinvestment and Stock Purchase Plan have the right to direct the Company to apply their cash dividends to purchase additional common shares at a discount of 5% from market price.

Participants may also purchase additional common shares at 100% of the market price to a maximum subscription price of \$5,000 per quarter.

In neither case will there be brokerage charges and the Company will bear the full cost of administration.

### Valuation Day Price

The Central Trust Company of Canada's common stock was quoted at \$13.75 per share on Valuation Day, December 22, 1971, for Canadian income tax purposes.

The Eastern Canada Savings and Loan Company's common stock was quoted at \$12.50 per share on Valuation Day, December 22, 1971, for Canadian income tax purposes.

### Transfer Agent

The transfer agent for the common shares and for the 1983 Class Preference Shares, Series 1 is Central Trust Company in Halifax, Moncton, Montreal, Toronto, Calgary and Vancouver.

### Head Office

Central Trust Tower  
1801 Hollis Street  
Halifax, Nova Scotia  
Telephone: (902) 425-7390  
Telex: 019-22578

### Auditors

Doane Raymond  
Chartered Accountants  
Halifax, Nova Scotia

### Member

Canada Deposit Insurance Corporation  
Trust Companies Association of  
Canada  
The Trust Companies Institute  
Canadian Real Estate Association

### Additional Information

To obtain further information on your Company, please contact:  
Public Relations Co-ordinator  
Head Office  
Central Trust Company  
P.O. Box 2343  
Halifax, Nova Scotia  
B3J 3C8  
Telephone: (902) 425-7390

II  
Central Trust Company